

2004-460

12/7/04

Public Service Commission  
211 Sower Blvd.  
P.O. Box 615  
Frankfort, Ky. 40602

RECEIVED  
DEC 09 2004  
PUBLIC SERVICE  
COMMISSION

RE: Kentucky Utilities Rate Increase

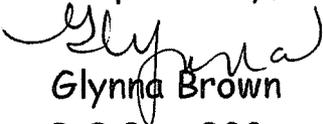
TO WHOM IT MAY CONCERN:

Enclosed is a notice I received from the KU regarding a rate increase due to KU incurring additional expenses.

I AM NOT in favor of ANY increase in KU billing to customers and would like the PSC to oppose this request.

Thank you for your attention in this matter.

Respectfully,

  
Glynda Brown

P.O Box 822

Middlesboro, Ky. 40965

606 248 3563

**Dear KU Customer,**

Kentucky Utilities Company is a member of the Midwest Independent Transmission System Operator, Inc. ("MISO"). The MISO incurs expenses that are shared among the MISO members, including KU. Our participation is expected to result in new expenses and revenues that KU has not previously incurred and that are not included in KU's current base rates. KU is seeking permission from the Kentucky Public Service Commission to pass along any expenses and revenues associated with retail service, to our retail customers. KU estimates that the net "pass-through" will be a charge of \$0.0002/kilowatt-hour used. For a typical residential customer using 1,000 kwh per month, this estimated pass-through charge will amount to approximately \$0.20 (twenty cents) per month. The text below is included to comply with Kentucky Public Service Commission regulations regarding notice of tariff changes to customers. If approved as filed, this change will be included no sooner than your May 2005 bill.

**NOTICE TO CUSTOMERS OF  
KENTUCKY UTILITIES COMPANY**

**PLEASE TAKE NOTICE** that on December 1, 2004, Kentucky Utilities Company ("KU") filed with the Kentucky Public Service Commission ("Commission"), an Application pursuant to Kentucky Revised Statutes 278.180 for approval of a ratemaking mechanism for the recovery of its monthly net costs and revenues associated with the Midwest Independent Transmission System Operator, Inc. ("MISO")'s Open Access Transmission and Energy Markets Tariff ("EMT") not already included in KU's existing electric base rates. The EMT is a wholesale power tariff filed with and approved by the Federal Energy Regulatory Commission for the purpose of allowing MISO to conduct and administer real-time and day-ahead energy markets. KU is a member of MISO and effective March 1, 2005, will begin participating in these wholesale energy markets under the terms and conditions of the EMT.

The ratemaking mechanism proposed by KU, titled "MISO EMT Costs and Revenues Recovery Mechanism" is shown below:

Applicable: In all territory served.

Availability of Service: To all Standard Rate Schedules and Pilot Programs.

- (1) The monthly amount computed under each of the rate schedules to which this mechanism is applicable shall be increased or decreased by the Midwest Independent System Operator (MISO) Cost Recovery Component (MCRC) at a rate per kilowatt-hour of monthly consumption in accordance with the following formula:

$$\frac{NCR + BA}{S}$$

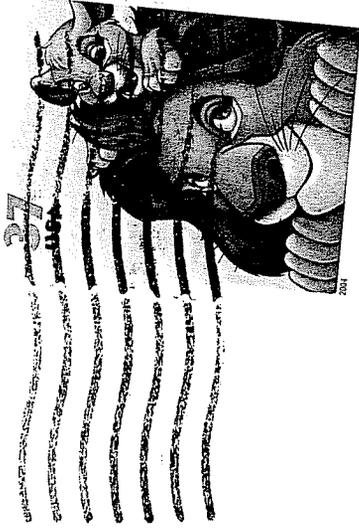
NCR = MISO Net Costs and Revenues in the second preceding month, as defined below.

BA = Balance Adjustment amount, as defined below.

S = Average Monthly Billed Kilowatt-Hours, as defined below.

- (2) MISO Net Costs and Revenues (NCR) shall be the total of:
- (a) The Midwest ISO Management Costs billed KU under Service Schedule 16 – Financial Transmission Rights Administrative Service Cost Recovery Adder of the Midwest ISO OATT or any successor Tariff, plus

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KY 40965-0822



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